

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER GAS, LLC	)	
FOR APPROVAL OF TRANSFER OF ASSETS OF THE	)	Case No.
FORMER B.T.U. GAS COMPANY AND APPROVAL OF	)	2012-00099
FINANCING OF ACQUISITION	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO KENTUCKY FRONTIER GAS, LLC

Kentucky Frontier Gas, LLC ("Frontier"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Frontier shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Frontier fails or refuses to furnish all or part of the requested information, it shall provide

a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to Item 6 of Frontier's application.

a. Explain in detail why the acquisition of the former assets of B.T.U. Gas Company ("BTU") will necessitate the addition of one field employee and one office employee to Frontier's operations.

b. Provide the gas supply agreements referenced in Item 6, discuss the various supply options available for the BTU system and explain why the current options were chosen.

2. Refer to Item 10 of the application.

a. Confirm, pursuant to its application, that Frontier will be the entity acquiring the former assets of BTU and that, subsequent thereto, it plans to transfer those assets to Cow Creek Gas, Inc. ("Cow Creek"). If this does not accurately describe the approach Frontier intends to follow, explain why.

b. Frontier owns the stock of Cow Creek; however, they are separate corporate entities. Provide the accounting entries, for both Cow Creek and Frontier, that will be made to record the transfer of the assets from Frontier to Cow Creek.

c. Exhibit 3 of the application is a proposed Frontier adoption notice of the BTU rates, rules and regulations. Explain whether Frontier anticipates the need to

file a Cow Creek adoption notice upon the transfer of the former BTU assets from Frontier to Cow Creek.

d. The second paragraph in Item 10 indicates that Frontier intends to “[c]onsolidate Cow Creek with its other utilities in 2012.” Explain, in this instance, what Frontier means by its use of the word “consolidate” and provide the timetable for the planned consolidation.

3. Refer to Item 15 of the application, which states that “A description of the original cost of the BTU property to be acquired by Frontier can be found in the PSC Annual Reports, which are incorporated by reference.” The most recent annual report for BTU on file with the Commission is for calendar year 2008, which shows a net original cost of \$228,946 for BTU’s utility plant as of December 31, 2008. Frontier’s purchase price for the assets formerly owned by BTU is \$255,000. Explain how Frontier intends to value the assets it is proposing to acquire.

4. Refer to Exhibits 5 and 6 of the application. According to the last page of Exhibit 5, Frontier’s inventory of the BTU system showed 475 meters. Exhibit 6 of the application contains a statement that BTU’s assets include “[o]ver 500 customers.”

a. Confirm whether the difference between these numbers is due solely to the unmetered service provided to some customers on the BTU system.

b. Exhibit 6 is a letter dated March 14, 2012. Provide the number of customers (approximately) on the BTU system as of that date.

5. Refer to Exhibit 6 of the application. Both the first and last paragraphs of the letter from Mr. Robert Oxford to Mr. Terry Spear of Community Trust Bank of Pikeville, Kentucky reference a loan commitment letter that Frontier needs as part of its application with the Commission.

a. Explain why Frontier's application does not include a loan commitment letter from Community Trust Bank of Pikeville, Kentucky.

b. Explain whether the requested loan commitment letter will set out the terms and conditions of the loan Frontier is seeking to finance the acquisition of the former BTU assets.

c. If it has been received, provide the loan commitment letter. If it has not been received, explain when Frontier expects it will receive the requested loan commitment letter.

6. In a separate matter, Frontier has filed a complaint case with the Commission regarding the provision of gas service to BTU customers by individuals not associated with Frontier.<sup>1</sup>

a. Provide an update of Frontier's efforts to serve the 30-plus BTU customers identified by Harry Thompson ("Thompson") in Frontier's complaint case who are currently being provided "free gas" by Thompson.

b. Describe Frontier's efforts to discuss issues involving these customers with Thompson directly.

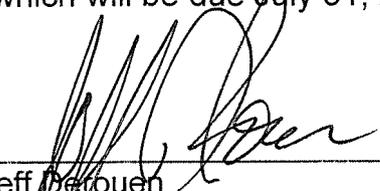
c. Provide details of efforts made to transfer these customers back to the BTU system. If nothing has occurred in this regard, explain why and describe Frontier's plans to do so in the future.

7. Confirm whether Frontier agrees that it is responsible for filing BTU's 2011 Annual Report with the Commission.

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<sup>1</sup> Case No. 2012-00028, Application of Kentucky Frontier Gas Company, LLC as Operator of B.T.U. Gas Company vs. Harry Thompson, Thompson Energy, et al. and Other Unknown Entities (Ky. PSC Jan. 18, 2012).

8. Confirm whether Frontier agrees that, if the Commission approves the proposed transfer, Frontier will be responsible for the Commission's assessment on BTU, based on 2011 revenue, the payment of which will be due July 31, 2012.



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Public Service Commission  
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DATED APR 20 2012

cc: Parties of Record

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